

## **BOARD OF COMMUNITY HEALTH**

January 13, 2005

The Board of Community Health held its regularly scheduled meeting at the Harry S. Downs Center for Continuing Education, Clayton College and State University, Morrow, Georgia. Board members attending were Jeff Anderson, Chairman; Richard Holmes, Vice Chairman; Frank Rossiter, M.D., Secretary; Lloyd Eckberg; Inman English, M.D.; Kip Plowman; Chris Stroud, M.D.; and Mary Covington. Commissioner Tim Burgess was also present. (A List of Attendees and Agenda are attached hereto and made official parts of these Minutes as Attachments # 1 and # 2).

Mr. Anderson called the meeting to order at 1:08 p.m. The Minutes of the December 8 meeting were UNANIMOUSLY APPROVED AND ADOPTED.

Mr. Anderson called on Commissioner Burgess to make his report. Commissioner Burgess reported on the following: 1. resolution of issues related to the Indigent Care Trust Fund FY 2005 allocations; 2. budget briefing; and 3. the presentation he made at the Medicaid Session at the Biennial Institute, University of Georgia Carl Vinson Institute of Government, December 13 and 14. The Commissioner reviewed the presentation with the board. (A copy of A New Direction for Georgia Medicaid – Presentation to the Biennial Institute for Georgia Legislators is attached hereto and made an official part of these Minutes as Attachment #3.)

Mr. Anderson asked the committees to make their reports. Laura Jones, Director of Legislative and External Affairs, began with the Legislative Committee report. Ms. Jones said the Department plans to introduce two bills relating to Medicaid/PeachCare for Kids and State Health Benefit Plan (SHBP). Items contained in the Medicaid bill mainly focus on PeachCare and managed care. To achieve greater efficiency in the PeachCare for Kids program, the Department felt it would be beneficial to move certain benefit design authority to the DCH Board. These would include: a. establish the income threshold for the PeachCare program and determine if premiums for children under six years of age will be necessary; b. allow the Department to enroll PeachCare members in managed care; c. allow access to the Department of Labor wage data to verify family income; and d. create a provider fee or quality assessment fee for participating CMOS. The SHBP legislation includes: 1. a change in the statute to combine funds of the public school teachers, public school employees and state employees; 2. a change in the statute to legally compel employers to make appropriate payments to the SHBP and allow the Department to suspend coverage if employers are not complying with the law; 3. legislation to extend past the twelve-month limit the ability to recover payment of claims in eligibility and coordination of benefits issues; and 4. introduce legislation to allow public school retirees to remit premiums on a monthly rather than quarterly basis.

Mr. Anderson called on Dr. Chris Stroud to give the Ad-Hoc CON Committee report. Dr. Stroud said the proposed rule changes related to CON rules were presented at the October board meeting. The board approved at its December meeting a majority of the rules that were by large administrative in nature. The board selected out a series of proposed rule changes and formed an Ad-hoc Committee on CON Rules to study further. The Ad-Hoc committee met January 5 at the Department's offices, heard public comment, and discussed each of the proposals: 1. proposed modifications to the Letter of Nonreviewability Review (LNR) application process; 2. specialty designations utilizing the Composite State Board of Medical Examiners; 3. listing and reporting procedures performed at an Ambulatory Surgical Center (ASC); 4. definitions of single specialty; 5. requirement to report personnel changes in an ASC; 6. fees related to a LNR application; 7. the rights of third parties to challenge LNR determinations; 8. modification of the 15 % ownership by non-physicians; and 9. including general surgery as a single specialty. Dr. Stroud summarized issues

## BOARD OF COMMUNITY HEALTH

January 13, 2005

Page 2

on each of the proposals. He stated that the Ad-Hoc Committee is recommending to the Board to take no action at this time on any of these issues. Dr. Stroud reiterated that the rules approved in December remain changed; but this subchapter would remain unchanged. Mr. Holmes MADE THE MOTION to table the vote on Sub-Chapter 111-2-2-.10(4). Mr. Eckberg SECONDED THE MOTION. Mr. Anderson called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED.

Mr. Anderson called on Mr. Kip Plowman to make the Audit Committee Report. Mr. Plowman said Carie Summers, CFO, and her financial team presented two items to the Committee. There is a new federal requirement for states called PERM (Payment Error Rate Measurement)—a claims processing quality monitoring program that states are having to follow. The Department has hired a consulting firm to assist the Department with a pilot program that will review approximately 300 claims and go through the entire claims process, including reviewing medical records. The results will be shared with the federal government, and they in turn will review the Department's results. The process will expand in the future years and include more extensive statistical sampling. The second item discussed was the Department's external audit. The state's FY 03 Audit Report is being delayed because the Department is unable to complete its FY 03 Audit. Mr. Plowman said Ms. Summers reviewed a list of twelve complex issues—mostly all revolve around the conversion to the ACS claims processing system. Mr. Plowman said the Audit Committee will continue to meet with the Department and the Chairman to try to make sure the audit is completed. Finally, Mr. Plowman asked staff to work with the Department of Audits to develop an Audit Committee charter to outline the responsibilities of the Audit Committee and bring to the Board for discussion and adoption.

Mr. Anderson called on Kathy Driggers to give an update on Georgia Cares Program. Before Ms. Driggers began, the Commissioner asked Neal Childers, General Counsel, to give an explanation of the parameters under which the Department should conduct itself since the Medicaid Managed Care RFP is under open procurement. Mr. Childers stated that part of the requirements of the Georgia State Procurement laws and regulations restrict the department from furnishing information to potential or actual bidders outside of the formalized process of the actual RFP and bidder conferences at which everyone is given notice of the opportunity to participate and all have the same information. He warned the board that Ms. Driggers must be careful in discussing the details and contents of the RFP and may be unable to answer some questions today.

Ms. Driggers said she wanted to bring the board up to date on major milestones. The request for proposal was posted January 6 on the Georgia Procurement Registry website. The model contract (Appendix E) as well as the Data Book (appendix K) was posted on January 11. Ms. Driggers gave a timeline of events, discussed the RFP structure, gave details and high points of the proposal by discussing member enrollment, services, and offered benefits, the provider network, geographic access requirements, disease management, quality improvement (clinical and non-clinical), quality measures, other requirements and stakeholder concerns. Ms. Driggers and Commissioner Burgess addressed questions and comments from the Board. (A copy of the Georgia Cares Program Presentation to the Georgia Department of Community – Board of Directors is attached hereto and made an official part of these Minutes as Attachment #4.)

Mr. Anderson called on Carie Summers, CFO, to update the board on the FY 2005 Indigent Care Trust Fund (ICTF) Disproportionate Share Hospital (DSH) program. Ms. Summers began by defining DSH – a sub program of the ICTF

where the Centers for Medicare and Medicaid Services (CMS) make federal funds available to hospitals who serve a disproportionate amount of uncompensated Medicaid/uninsured or indigent patients. She gave an overview of DSH—Hospital Specific DSH Limits, Hospital Eligibility and DSH Allocation Methodology. After the conclusion of the theory of the methodology, she reviewed the FY 2005 DSH.

Ms. Summers stated that the aggregate DSH limits increased by 15% from FY 04 to FY 05. One of the issues this year is the available DSH funding amount (the dollars CMS provides matched with state funds (IGTs)) actually went down. In addition there are six new DSH hospitals this year that were not participating last year. She said in summary, indigent care is going up, uncompensated indigent care is going up, the number of hospitals participating is going up, and the pot of money to share is roughly staying the same.

Ms. Summers said the Department had several discussions with three of the hospitals that were concerned about the data that was used, particularly self-reported data and the hospital specific DSH calculations. The Department met with the three hospitals to review the methodology, making sure they were clear that the Department had not changed the methodology in terms of the allocations; the changes were related to the way we allocate. Commissioner Burgess added that the Department first had to convince them that the process had been administered both correctly and appropriately because they were challenging the application of the methodology and how the numbers were derived. Commissioner Burgess said that after that meeting the three hospitals agreed that the department and its staff had applied the methodology both appropriately and correctly, and that whatever issues were involved in the wide disparities in the changes in the allocation numbers were attributable to some other factors, and it is those factors the Department is working on. As a result of the meeting, and because many hospitals, particularly small hospitals rely on these dollars, an agreement was reached about the interim DSH payments for FY 05.

The Department will base the distribution on the preliminary allocations that had been shared with the hospitals in December. Seventy-five percent will be applied to stop loss/stop gain based on 2004 levels so the big disparities may be mitigated pending further review of the data that was used in the calculations. IGTs are requested by January 18, 2005 (approximately \$135 million), and on January 24 the Department will be making payments back to the hospitals (approximately \$290 million). Ms. Summers shared with the Board a copy of the Commissioner's letter to hospitals informing them of the agreement as well as a detailed calculation for each hospital its FY 04 and FY 05 individual DSH limits and how the Department applied the interim payment methodology.

The next steps are: interim payments paid by January 24 and additional audits to be conducted (the Department will reconvene the IGTF Advisory Committee and seek their input about the audit review process). The Department will perform additional on-site audits and follow up on desk reviews that have been done. The selection for the hospitals that will be subject to these on-site audits are any hospital that has had a 25% change in their FY 2005 DSH allocation when compared to FY 04, all of the safety net hospitals and any hospital newly eligible for DSH in FY 05. Once the steps are completed (which will take about three months) the Department will make the remaining DSH payments based on audit results. The DSH payments will be subject to primary care plans. After questions and comments from the Board, Ms. Summers concluded the update. (A copy of the FY 2005 ICTF DSH Program is attached hereto and made an official part of these Minutes as Attachment #5.)

BOARD OF COMMUNITY HEALTH  
January 13, 2005  
Page Four

Mr. Anderson stated that the February 10 board meeting will be held again at Clayton College and State University and the new business is 1. Disease Management RFP; 2. DCH staff changes related to managed care, and 3. ACS and CON issues.

There being no further business to be brought before the Board at the meeting Mr. Anderson adjourned the meeting at 3:19 p.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS  
THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2005.

---

MR. JEFF ANDERSON  
Chairman

ATTEST TO:

---

FRANK ROSSITER, M.D.  
Secretary

Official Attachments: #1 - List of Attendees  
#2 - January 13 Agenda  
#3 - Presentation to the Biennial Institute  
#4 - Georgia Cares Presentation  
#5 – FY2005 ICTF DSH Program